

CORRECTED FISCAL NOTE
SB 3178 - HB 3407

April 26, 2004

SUMMARY OF BILL: Exempts from sales tax liability the purchase of motor vehicles titled as salvage, non-repairable, or flood vehicles by insurance companies pursuant to a damage settlement.

ESTIMATED FISCAL IMPACT:

On March 29, 2004, we issued a fiscal note on this bill indicating *a decrease in state revenues exceeding \$100,000 and a decrease in local revenues exceeding \$10,000*. Based upon further information obtained by committee staff, the fiscal impact has been revised. The fiscal impact of this bill is as shown below:

(Corrected Fiscal Note)

Other Fiscal Impact - The sales and use taxability of these transactions is disputed and is currently in litigation. The fiscal review committee takes no position on the taxability of these transactions. To the extent that these transactions are ultimately determined by judicial decision to be taxable and the state has been collecting such taxes, there would be a decrease in state revenues exceeding \$100,000 and a decrease in local government revenue exceeding \$10,000. To the extent that these transactions are determined by judicial decision to be taxable, but the state has not been collecting the applicable taxes, passage of this bill would result in foregone revenue to the state exceeding \$100,000 and foregone revenue to local governments exceeding \$10,000. If these transactions are determined by judicial decision not to be taxable, there would be no impact on state or local government revenue due to passage of this bill.

This estimate assumes that this would primarily impact lease transactions in which the tax liability is spread over the life of the lease.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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(CORRECTED)